



**Engineering What's Next  
in Outdoor Living®**

NYSE:TREX

Investor Presentation

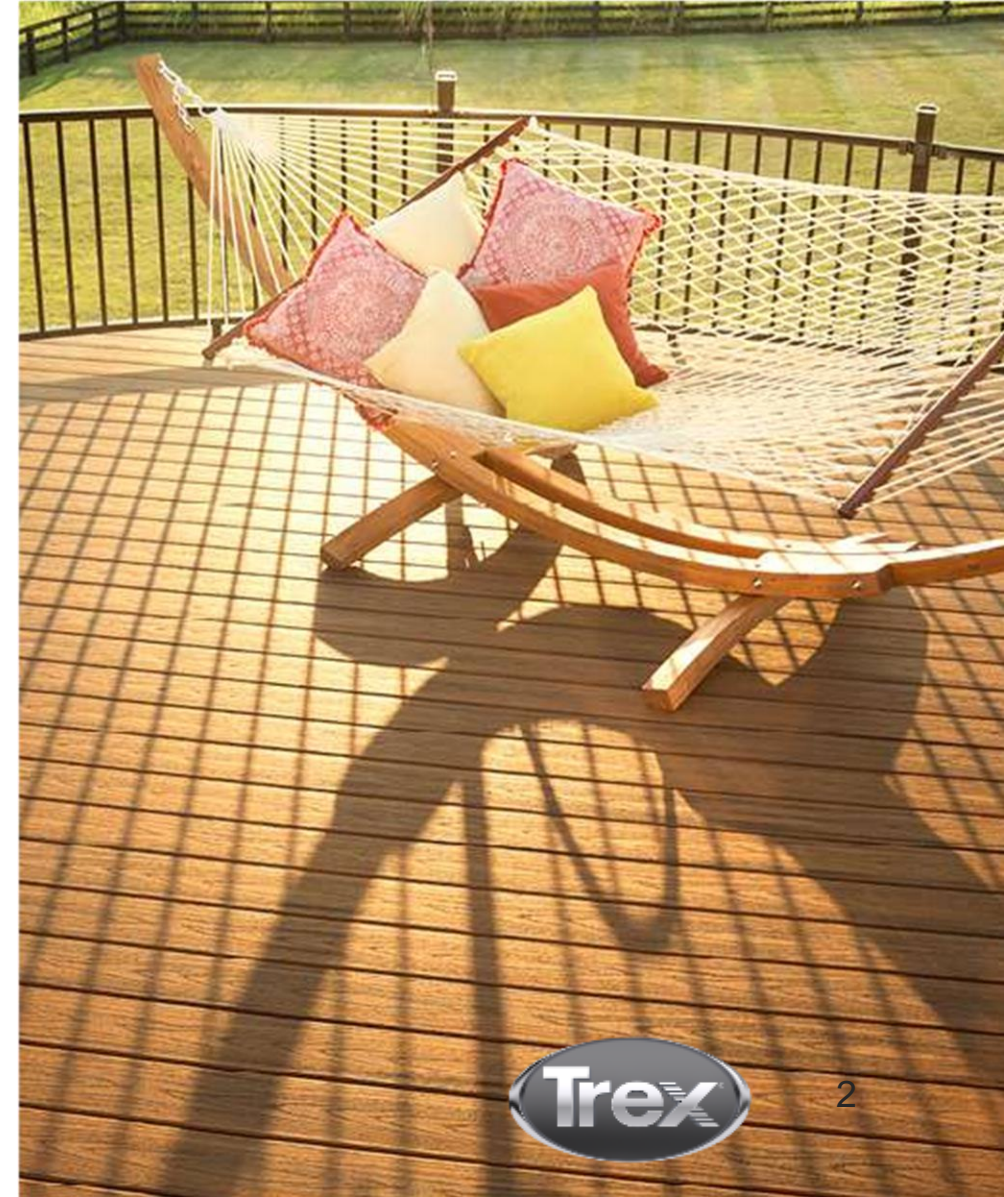
August 2019



# Safe Harbor / Non-GAAP Measures

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are subject to risks and uncertainties that could cause the Company’s actual operating results to differ materially from those contemplated by the forward-looking statements. For further information on risk factors affecting the Company’s business, please refer to our most recent annual and quarterly reports filed with the U.S. Securities and Exchange Commission. The Company expressly disclaims any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

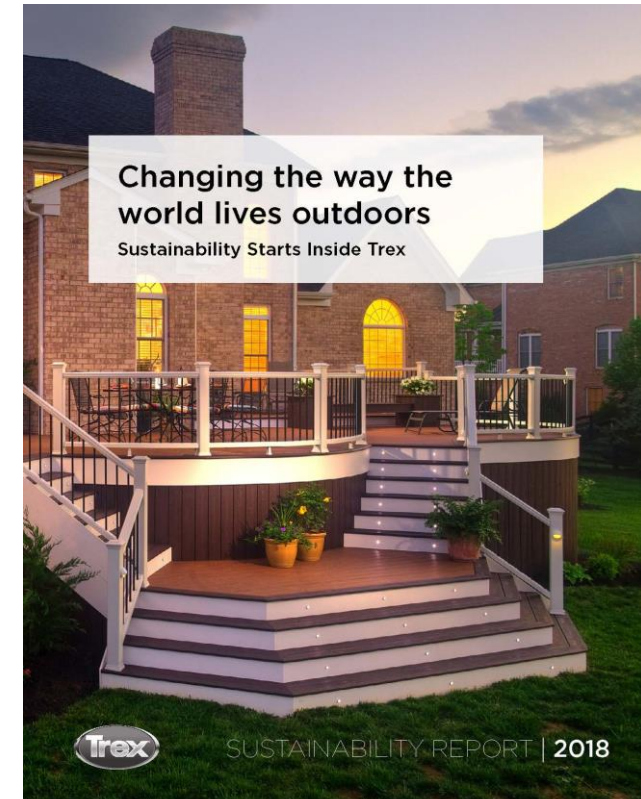
This presentation refers to certain financial measures not prepared in accordance with generally accepted accounting principles (GAAP), including adjusted net sales, adjusted gross margin, adjusted earnings before interest, taxes, depreciation, amortization (EBITDA), adjusted operating income, adjusted diluted earnings per share (EPS), free cash flow, and net debt. We believe that the use of non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the Company’s performance, especially when comparing such results to previous periods or forecasts. The non-GAAP measures included in this presentation are not meant to be considered superior to or a substitute for our GAAP results. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measures are available in the appendix to this presentation.



# Environmental, Social and Governance (ESG)

## Sustainability is in the DNA of Trex

- Decking is made from 95% recycled content; expansive recycling network
  - Estimated annual recycled plastic film and reclaimed wood fiber used: 800M+ pounds per year
- Nearly all internally generated scrap products from manufacturing operations are recycled internally
- A minimum of 50% of aluminum used is from recycled sources
- No significant emissions and exposure to carbon trends; resource reduction initiatives with year-over-year energy savings of 8% and annual water saved from our closed-loop system of 160M gallons



**Changing the way the world lives outdoors**  
Sustainability Starts Inside Trex

**SUSTAINABILITY REPORT | 2018**

**IN CONTRAST TO ACQ-TREATED LUMBER DECKING OVER A 25 YEAR PERIOD, TREX DECKING LIFECYCLE IMPACTS ARE:**

- ↓ 36% FEWER GHG EMISSIONS
- ↓ 47% FEWER CRITERIA AIR POLLUTANTS
- ↑ 59% MORE ENERGY USE AND FEEDSTOCKS
- ↓ 84% LESS ACIDIFICATION
- ↓ 80% LESS EUTROPHICATION
- ↓ 53% LESS SMOG
- ↓ 93% LESS ECOLOGICAL TOXICITY
- ↑ 74% MORE PUBLIC SUPPLY PROCESS WATER USE

	2018	2017
Public supply process water use (liters)	5,080	2,920
Cooling water use (liters)	2,670	N/A

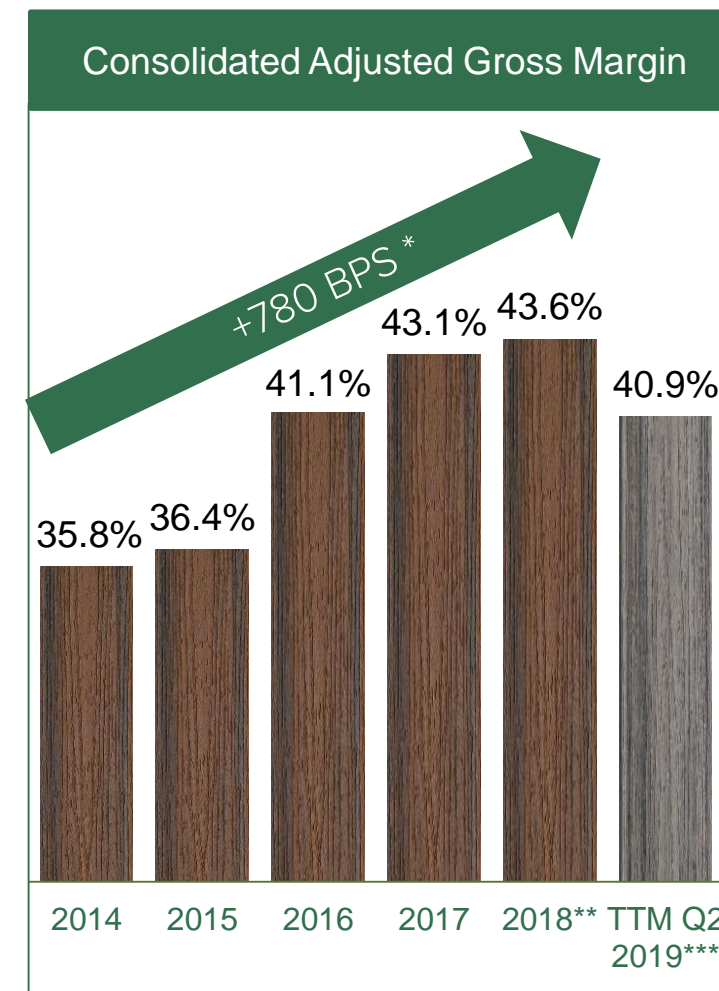
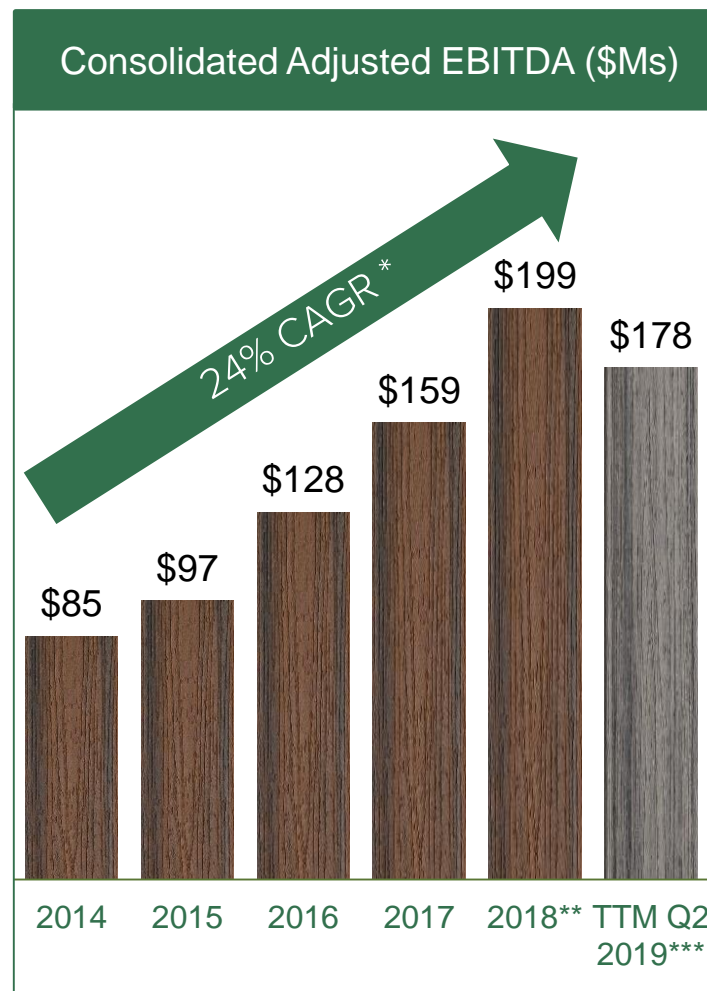
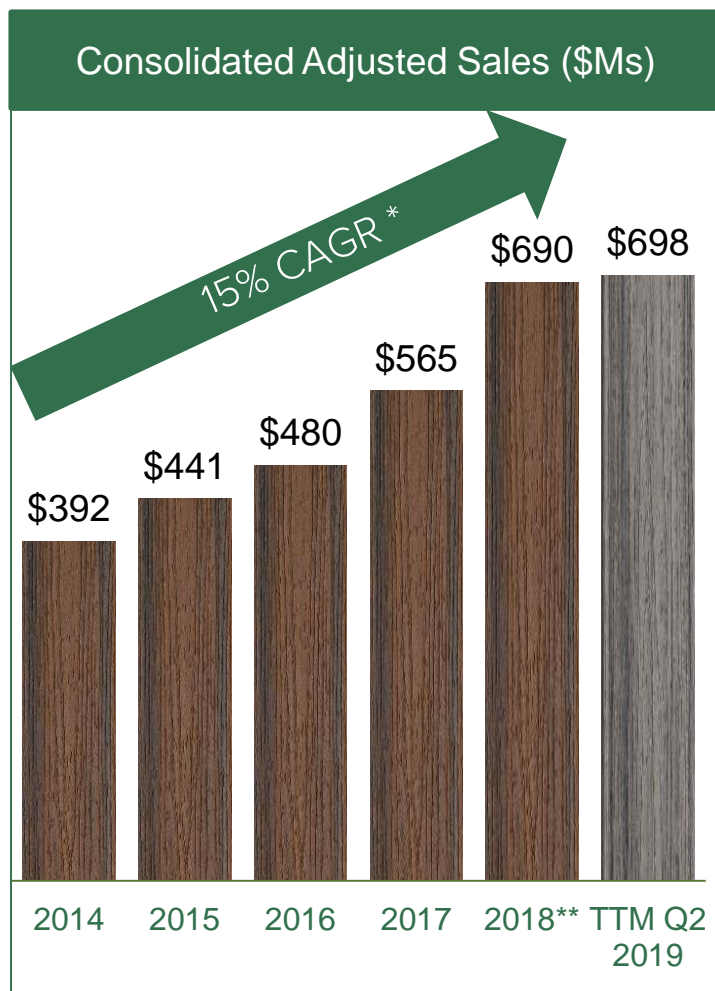
14 TREX SUSTAINABILITY REPORT 2018

See Full Sustainability Report Here: <https://documents.trex.com/is/content/Trex/trex-sustainability-report-2018pdf.pdf>





# Solid Long Term Results



\* Calculations based on full year results through 2018

\*\* 2018 results exclude \$6M non-recurring Sales charge

\*\*\* TTM Q2 2019 results include \$17M of Startup and Other Manufacturing Costs



# Trex Company Strategic Growth Drivers

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Disciplined investment strategies driving consistent profitable growth

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## Leveraging the Trex Brand

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- Consumer engagement
- Channel presence
- Licensing
- Wood conversion

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## Expanding Reach

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- Strong distribution network
- Contractor
- DIY
- Geographic
- Trex Commercial Products

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## Optimizing Operations

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- Unique recycling business model
- Vertical integration
- Cost reduction
- Manufacturing throughput increase

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## Capital Allocation

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- Reinvesting in the business
- M&A opportunities & integration
- Share repurchases



# Trex Business Segments

## Residential

- Focus: increasing conversion from wood to composites
- Products: full suite of outdoor living solutions anchored by composite decking and railing
- Core Market Size
  - U.S. Residential<sup>(1)</sup> \$6 Billion
- Rapid growth outside of U.S.

(1) Joint Center for Housing Studies



## Commercial

- Focus: delivering premium project-based railing and staging solutions
- Products: custom railing solutions, as well as standardized railing systems and staging solutions
- Core Market Size
  - U.S. Commercial Railing \$1 Billion



# Residential Market Opportunity

## Growing desire for unique outdoor living spaces

- Alternative materials to wood decking are projected to experience above average annual gains in demand through 2020<sup>(1)</sup>

## Outdoor living remains a leading home improvement market segment

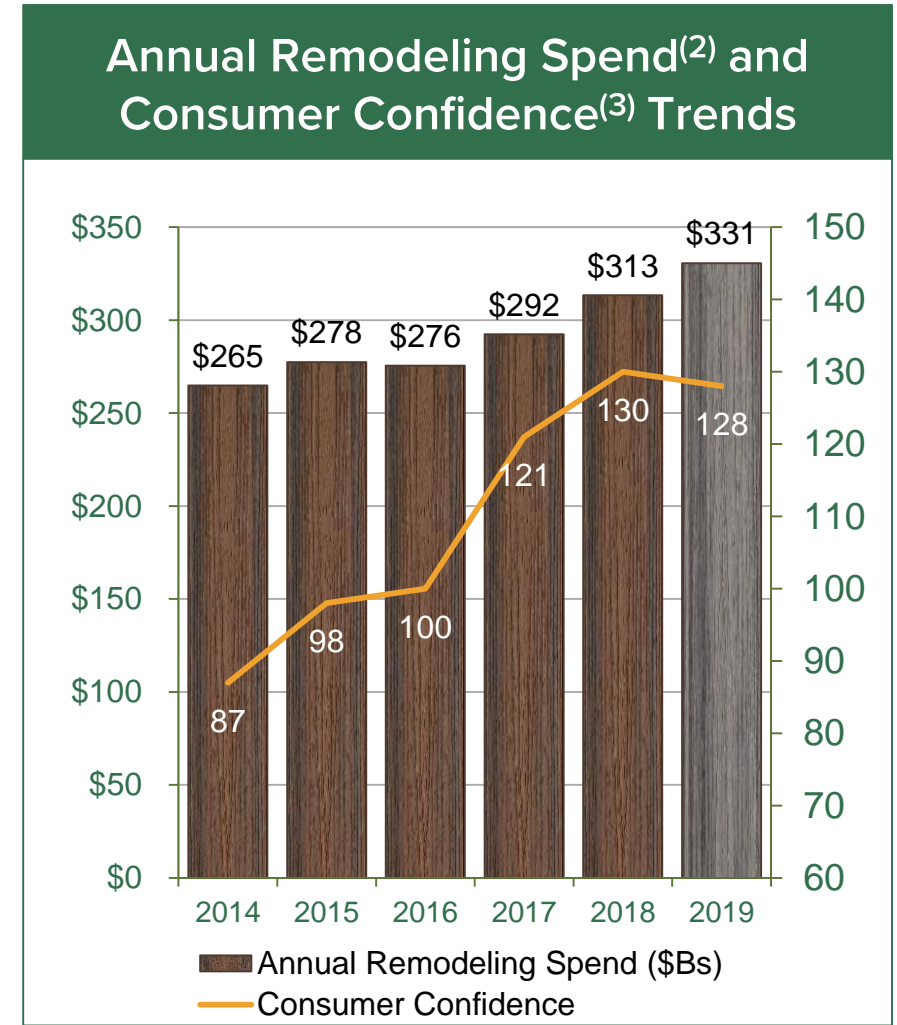
- Exterior property improvements capture 34% of home improvement spending

## Increasing conversion from wood to composites

- 1% of market share gain from wood = \$50 million annual composite revenue

## Repair and remodeling projected to grow 5%+ for 2019<sup>(2)</sup>

- Strong correlation between Trex Sales, Remodeling Spending and Consumer Confidence



(1) Principia report on wood and competitive decking

(2) Joint Center for Housing Studies

(3) Consumer Confidence (NAR U.S. Economic Outlook: May 2019)





# 25 Years and Counting of Brand Leadership

## Engineering what's next in outdoor living®

- Reinforcing Trex leading presence in the decking market

## Drive conversion from wood

- Utilizing marketing, product, and lead generation
- Decks.com acquisition to target wood buyers

## Make the Trex® decision that's right for you™

- Having more products that meet the needs of more segments allows for targeting of multiple endpoints including consumers, dealers, and contractors

## Continued Industry Recognition and Awards

- Green Builder Readers' Choice Awards: for the third year in a row, Trex was selected as the “greenest decking”
- Builder 2019 Brand Use Study: for the 12th consecutive year, Trex earns top spot across three key performance areas for the composite/PVC decking category: “brand familiarity,” “brand used the most” and “brand used in the past two years”
- Remodeling 2019 Brand Use Study: Trex ranked #1 in all four key performance areas: “brand familiarity,” “brand used the most” and “brand used in the past two years” and “quality”

**#1** Consumer Awareness  
Consumer Search  
Website Traffic  
Social Media  
Sales  
Market Share





# Wood is our #1 Competitor

## 2016 Market Share

Composite  
17%



Wood  
83%

## TREX OUTPERFORMS WOOD

Our high-performance composite deck boards are engineered to resist fading, scratches and stains, and eliminate time-consuming maintenance so you'll never step foot in the stain aisle again.



Unlike wood, Trex composite decking won't:



ROT, WARP OR SPLINTER



NEED SEASONAL PAINTING, SEALING  
OR STAINING



FADE OR STAIN



BECOME FOOD FOR TERMITES

+1% Market Share increase =  
\$50M in annual composite sales

*Principia Partners 2016; based on decking LF sold. Trex expects next independent report covering 2017/18 market share data will be available in mid-2019*



# New Products, New Consumers

## Do-It-Yourself Consumers

- Incremental focus for Trex
- 59% of deck market
- Practical, thrifty
- Decisions driven by price & maintenance
- Products available in Pro & Retail Channels
- Lightweight boards for easy installation



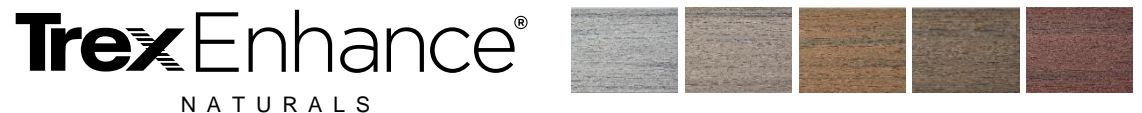
APPEARANCE  
opens the door...

PERFORMANCE  
opens their minds...

PRICE  
opens their wallets...



- Trex quality, new lower price point
  - \$1.75/LF (2x price of wood)
- Designed to accelerate conversion from wood

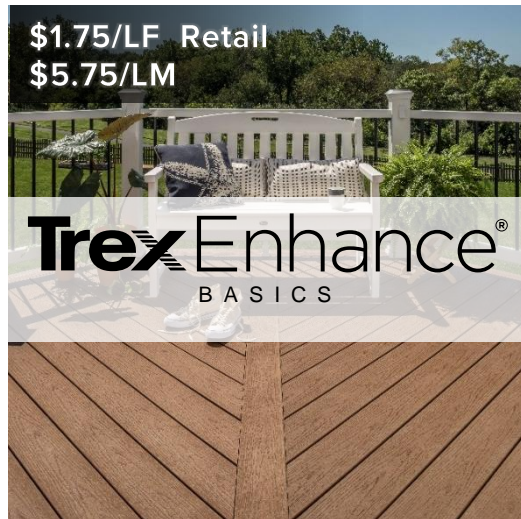


- Tropical looks, attractively priced
  - \$2.50/LF
- Trade-up opportunity from “Basic” wood buyers



# 2019 Decking Product Platform

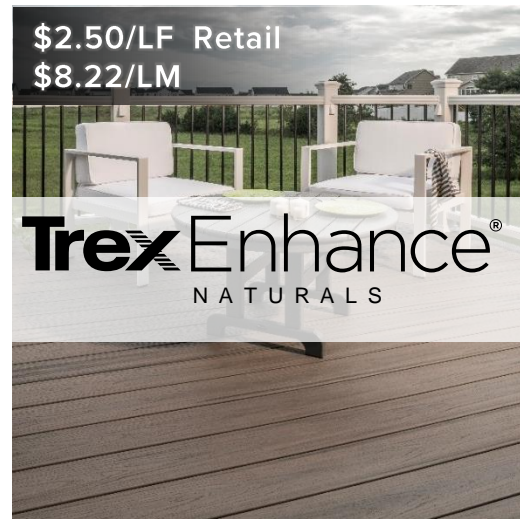
*NEW for 2019*



Priced to take share  
from treated lumber

## ***Low-cost tier***

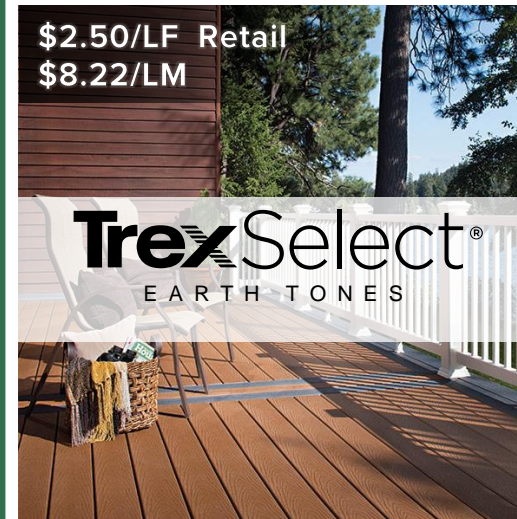
*We've engineered cost  
out of the equation*



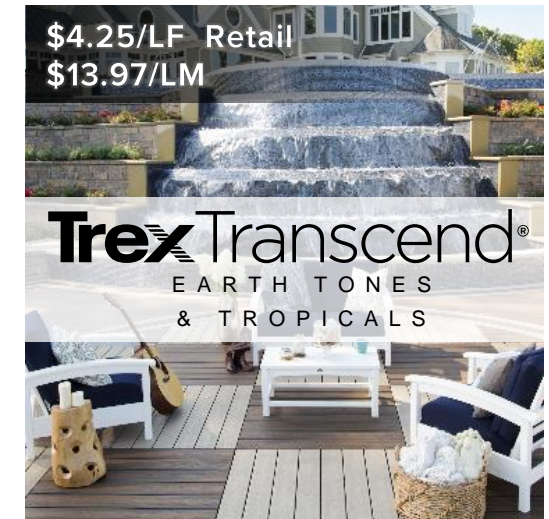
The beauty of wood  
with the ease of  
composite

## ***Middle tier***

*(wood trade-up opportunity)*



The perfect pairing  
of price and minimal  
maintenance



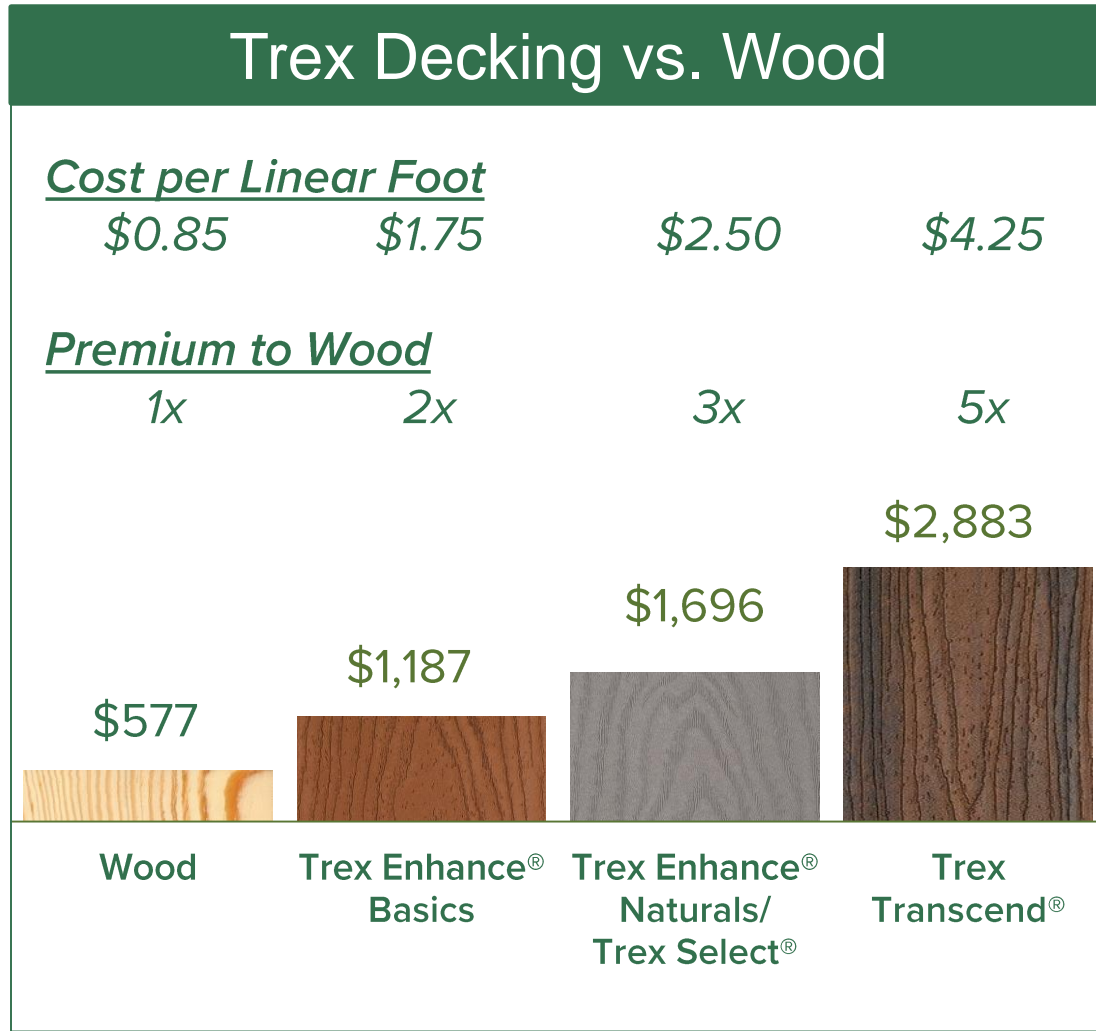
Elevated aesthetics  
paired with the  
highest level of  
performance

## ***Premium tier***

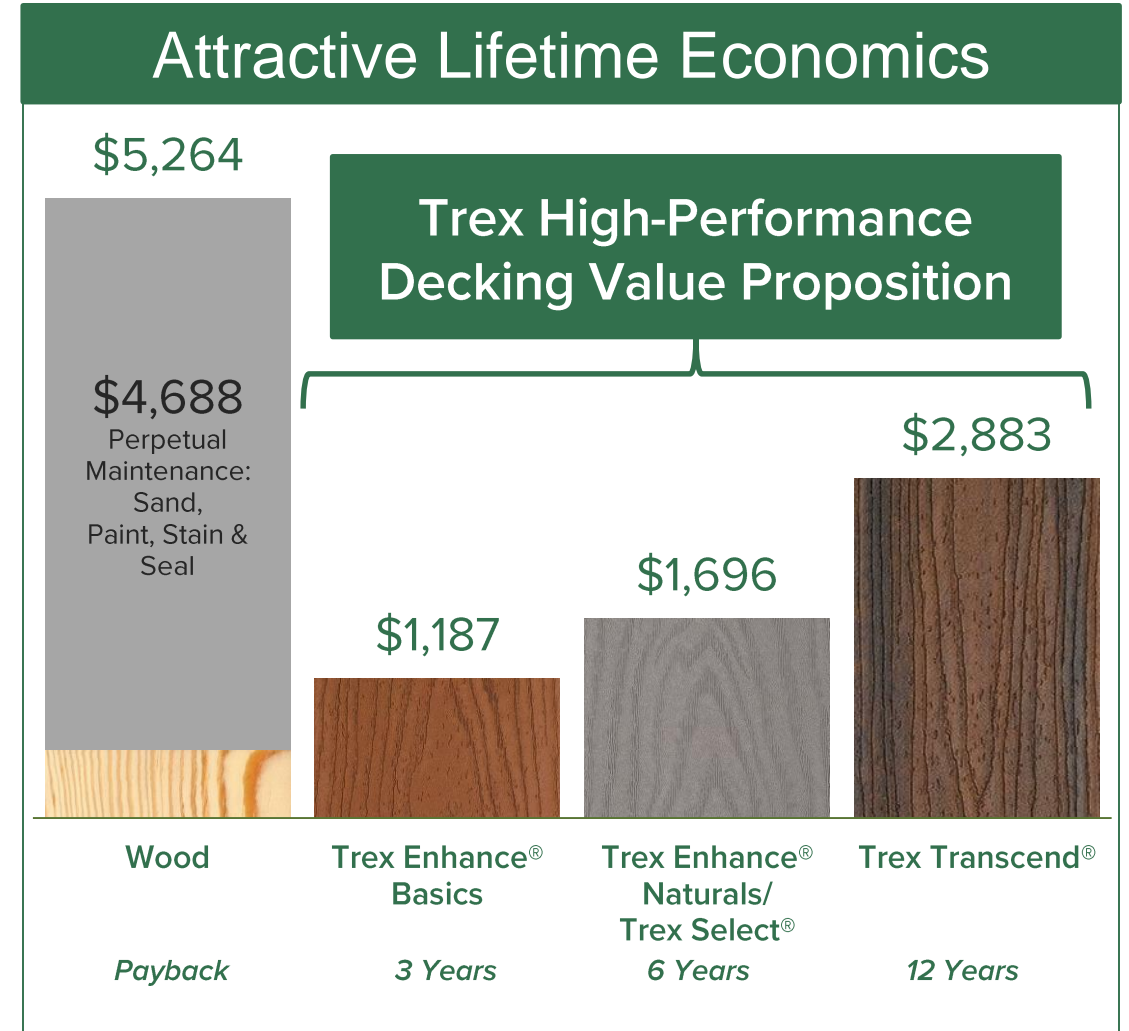




# TREX: A Superior Value



Estimated Decking Cost for a 16' x 20' (or 30 m²) deck. Installation costs for 16' x 20' deck estimated at \$10,200. Based on Company findings.



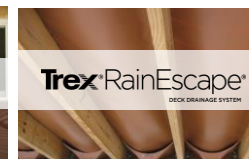
Estimated Decking Costs and Maintenance Material Costs for a 16' x 20' (or 30 m²) deck over 25 years.



# Full Suite of Outdoor Living Products

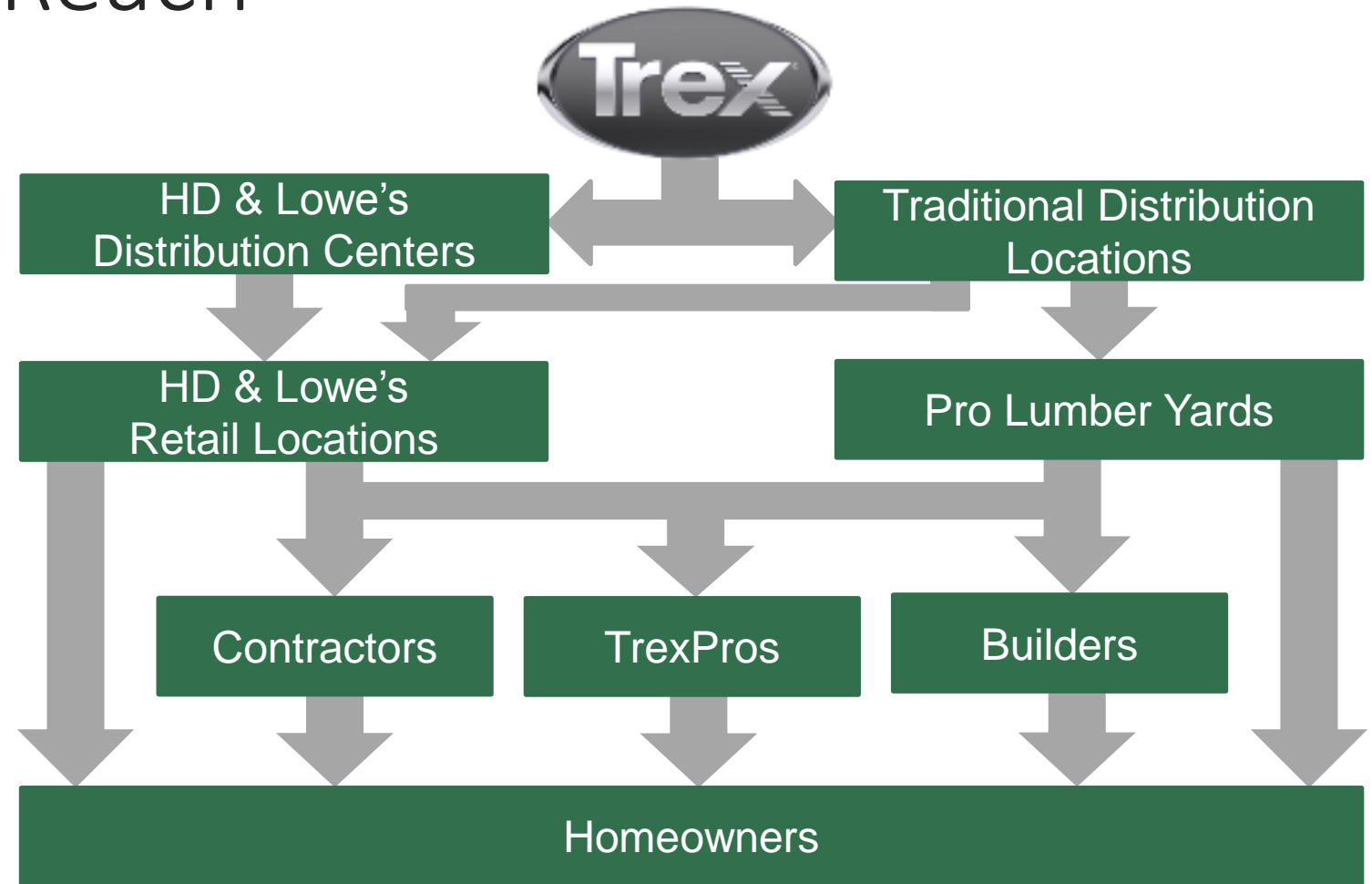


## Licensed Products



# Industry Leading Reach

- Over 6,700 stocking locations
- Strongest distribution channel in industry
- Well-positioned to take on wood nationally





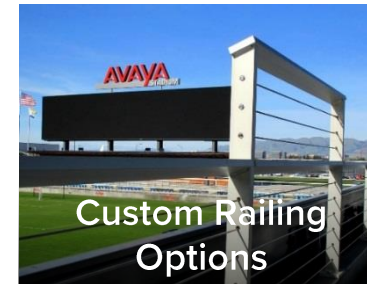
# International Growth

- Targeted approach to new markets
- Establish distributors in key markets
- Roll-outs in markets with higher GDP, personal income and desire for outdoor living solutions
- Apply Trex marketing capabilities to key target market opportunities
  - TV advertising, online ads, and paid search
  - Develop TrexPro network
- New products offer competitive value proposition against other composites and wood
- Faster growth than North American market
- Building global brand recognition



# Trex Commercial Products

- Trex Commercial Products subsidiary formed by the acquisition of SC Company for \$71.8 million on July 31, 2017
- Enhances Trex presence in the Commercial Railing Market
- Market Leader in Stadium Railing
  - TCP Railing featured in all six projects nominated for 2018 “Sports Facility of the Year” <sup>(1)</sup>
- Diversifies Trex into growing commercial and multi-family markets
- Provides access to the specifier, architect and construction contract markets
- Targeted EBITDA margin expansion to 20%+
- Offers Trex synergy and growth opportunities
  - Three railing lines to date have been engineered by Commercial Products and commercialized by Residential Products
  - Railing line co-developed – manufactured by Residential Products and marketed by Commercial Products



## Major Projects



(1) 2018 Sports Business Awards by SportsBusiness Journal and SportsBusiness Daily





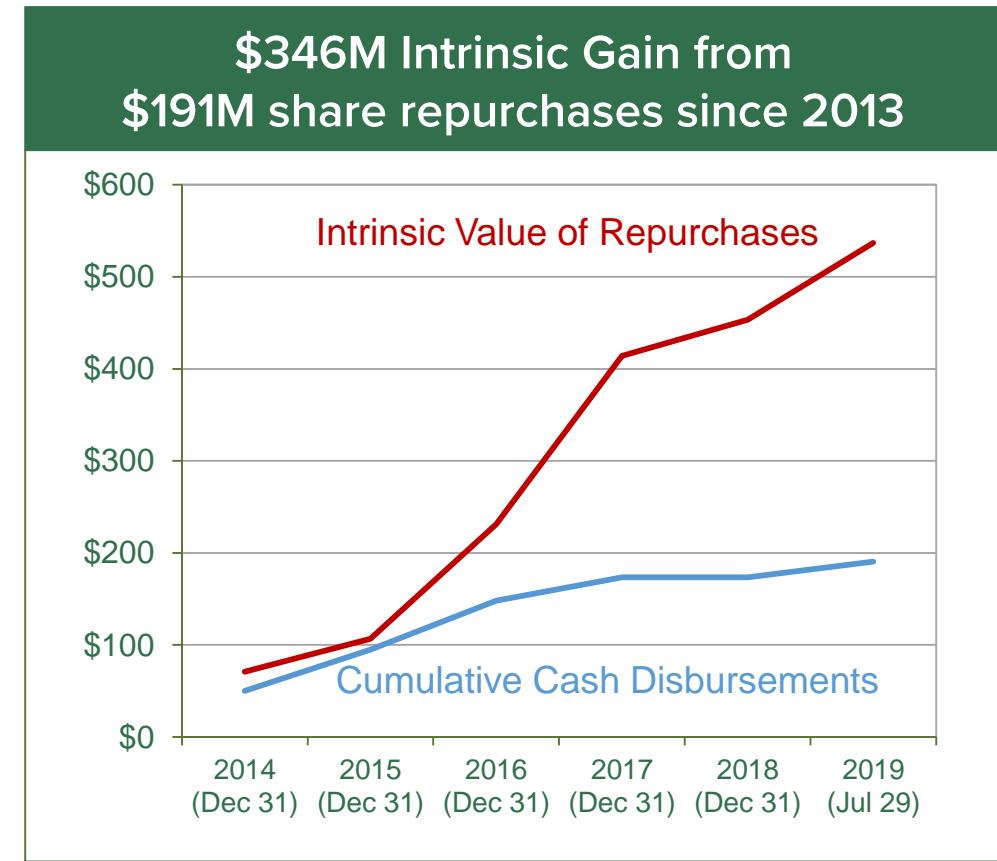
# Financial Performance



# Capital Allocation Strategy

*Putting Free Cash Flow to work through Investment in Core Business and Strategic Opportunities*

- \$113M capital expenditures since 2014
- 780 bps consolidated gross margin expansion since 2014
- \$263M in investments since 2013 funded from free cash flow
  - \$191M in share repurchases
  - \$72M for SC Company acquisition
- Acquisition of SC Company providing brand and product extension into commercial railing market
- 5.1M remaining share repurchases authorized



# Investment Summary

Addresses one of the fastest growing markets for attractively-designed, customized outdoor living spaces

- **Brand Leader** in the Industry
- **Consistent Market Share Gains** against wood and within the composite industry
- National Footprint in Commercial Railing Market

Continuous engineering and manufacturing improvements drive significant operating leverage

- **Low-cost Manufacturer**; targeted investments to improve line throughput
- **Cost Reduction Initiatives** are driving savings
- **Sustainability** built into the Business; “Greenest” decking manufacturer
- **Recycling** – a strategic and cost advantage

Focus on new product development

- **Sales Expansion** of legacy Trex products into commercial segment, development of commercial products for the consumer market, and cost savings from other synergies
- **New Products** tailored to reach new consumer segments

Strong Balance Sheet and Cash Generation

- Invest in **Internal Growth** opportunities
- Fund future **Acquisitions**
- **Return Capital to Shareholders**



A photograph of a modern building interior featuring a prominent curved staircase with glass railings and stainless steel handrails. The space is bright and open, with a curved ceiling and recessed lighting. In the background, there are colorful chairs and a large white pillar. The word "Appendix" is centered in the middle of the image.

# Appendix



# Summary Financials

<b>\$ Millions</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>TTM Q2 2019</b>
Adjusted Sales	\$392	\$441	\$480	\$565	\$690	\$698
Adjusted Gross Profit	\$140	\$160	\$197	\$243	\$301	\$286
<i>Adjusted Gross Margin %</i>	35.8%	36.4%	41.1%	43.1%	43.6%	40.9%
Adjusted SG&A	\$70	\$77	\$83	\$101	\$118	\$122
<i>% of Net Sales</i>	18%	18%	17%	18%	17%	17%
<b>Adjusted Oper Income</b>	<b>\$70</b>	<b>\$83</b>	<b>\$114</b>	<b>\$142</b>	<b>\$183</b>	<b>\$164</b>
<i>% of Net Sales</i>	18%	19%	24%	25%	26%	24%
Depreciation	\$15	\$14	\$14	\$17	\$16	\$14
<b>Adjusted EBITDA</b>	<b>\$85</b>	<b>\$97</b>	<b>\$128</b>	<b>\$159</b>	<b>\$199</b>	<b>\$178</b>
<i>% of Net Sales</i>	22%	22%	27%	28%	29%	26%
Free Cash Flow	\$46	\$39	\$75	\$87	\$104	\$148
Net Debt	-\$10	\$1	-\$19	-\$31	-\$106	-\$106
Inventory Turns	10.9	12.0	10.9	10.2	8.4	n/c
Adjusted ROIC	50.7%	56.1%	73.3%	67.5%	62.6%	n/c

*n/c not comparable*

*TTM Q2 2019 results include \$17M of Startup and Other Manufacturing Costs*



# Non-GAAP Reconciliations

\$ Millions	2014	2015	2016	2017	2018	Q2 2018	Q2 2019	TTM Q2 2018	TTM Q2 2019
<b>GAAP Sales</b>	<b>\$392</b>	<b>\$441</b>	<b>\$480</b>	<b>\$565</b>	<b>\$684</b>	<b>\$207</b>	<b>\$206</b>	<b>\$640</b>	<b>\$692</b>
2018 Net Sales charge for product repositioning					\$6				\$6
<b>Adjusted Sales</b>	<b>\$392</b>	<b>\$441</b>	<b>\$480</b>	<b>\$565</b>	<b>\$690</b>	<b>\$207</b>	<b>\$206</b>	<b>\$640</b>	<b>\$698</b>
<b>GAAP Gross Profit</b>	<b>\$140</b>	<b>\$155</b>	<b>\$187</b>	<b>\$243</b>	<b>\$295</b>	<b>\$91</b>	<b>\$83</b>	<b>\$274</b>	<b>\$280</b>
2013/2015/2016 legacy product warranty reserve for pre-2008 Nevada production		\$5	\$10		\$6				
2018 Net Sales charge for product repositioning									\$6
<b>Adjusted Gross Profit</b>	<b>\$140</b>	<b>\$160</b>	<b>\$197</b>	<b>\$243</b>	<b>\$301</b>	<b>\$91</b>	<b>\$83</b>	<b>\$274</b>	<b>\$286</b>
<i>Adjusted Gross Margin</i>	<i>35.8%</i>	<i>36.4%</i>	<i>41.1%</i>	<i>43.1%</i>	<i>43.6%</i>	<i>44.1%</i>	<i>40.4%</i>	<i>42.8%</i>	<i>40.9%</i>
<b>GAAP Operating Income</b>	<b>\$68</b>	<b>\$77</b>	<b>\$104</b>	<b>\$142</b>	<b>\$177</b>	<b>\$58</b>	<b>\$48</b>	<b>\$161</b>	<b>\$158</b>
2013/2015/2016 legacy product warranty reserve for pre-2008 Nevada production		\$5	\$10		\$6				
2018 Net Sales charge for product repositioning									\$6
2013/2014 SG&A charges for mold class action settlement, Dulles lease charges, and expenses/breakage fees for terminated transaction	\$2								
<b>Adjusted Operating Income</b>	<b>\$70</b>	<b>\$83</b>	<b>\$114</b>	<b>\$142</b>	<b>\$183</b>	<b>\$58</b>	<b>\$48</b>	<b>\$161</b>	<b>\$164</b>
<b>GAAP Net Income</b>	<b>\$42</b>	<b>\$48</b>	<b>\$68</b>	<b>\$95</b>	<b>\$135</b>	<b>\$43</b>	<b>\$36</b>	<b>\$118</b>	<b>\$122</b>
GAAP Income Tax	\$25	\$29	\$35	\$47	\$42	\$14	\$12	\$42	\$37
GAAP Net Interest	\$1	\$1	\$1	\$0	-\$0	\$0	\$0	\$1	-\$1
GAAP Depreciation/Amortization	\$15	\$14	\$14	\$17	\$17	\$5	\$3	\$18	\$15
2013/2015/2016 legacy product warranty reserve for pre-2008 Nevada production		\$5	\$10					\$1	
2018 Net Sales charge for product repositioning					\$6				\$5
2013/2014 SG&A charges for mold class action settlement, Dulles lease charges, and expenses/breakage fees for terminated transaction	\$2								
<b>Adjusted EBITDA</b>	<b>\$85</b>	<b>\$97</b>	<b>\$128</b>	<b>\$159</b>	<b>\$199</b>	<b>\$62</b>	<b>\$51</b>	<b>\$180</b>	<b>\$178</b>
<b>GAAP Operating Cash Flows</b>	<b>\$59</b>	<b>\$63</b>	<b>\$85</b>	<b>\$102</b>	<b>\$138</b>	<b>\$96</b>	<b>\$153</b>	<b>\$100</b>	<b>\$183</b>
GAAP Investing Cash Flows	-\$13	-\$23	-\$10	-\$87	-\$34	-\$12	-\$10	-\$97	-\$35
Add back Acquisitions	-\$0	-\$0	-\$0	\$72				\$72	\$0
<b>Free Cash Flow</b>	<b>\$46</b>	<b>\$39</b>	<b>\$75</b>	<b>\$87</b>	<b>\$104</b>	<b>\$84</b>	<b>\$143</b>	<b>\$75</b>	<b>\$148</b>
<b>GAAP Debt</b>	<b>\$0</b>	<b>\$7</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9</b>	<b>\$0</b>	<b>\$9</b>	<b>\$0</b>
Less: GAAP Cash	-\$10	-\$6	-\$19	-\$31	-\$106	-\$3	-\$106	-\$3	-\$106
<b>Net Debt</b>	<b>-\$10</b>	<b>\$1</b>	<b>-\$19</b>	<b>-\$31</b>	<b>-\$106</b>	<b>\$6</b>	<b>-\$106</b>	<b>\$6</b>	<b>-\$106</b>
<b>GAAP EPS *</b>	<b>\$0.63</b>	<b>\$0.76</b>	<b>\$1.14</b>	<b>\$1.61</b>	<b>\$2.28</b>	<b>\$0.73</b>	<b>\$0.61</b>	<b>\$2.01</b>	<b>\$2.07</b>
Impact of Adjustments to OI (net of tax)	\$0.67	\$0.87	\$0.12	\$0.00	\$0.08	\$0.00	\$0.00	\$0.00	\$0.08
<b>Adjusted EPS *</b>	<b>\$1.31</b>	<b>\$1.63</b>	<b>\$1.26</b>	<b>\$1.61</b>	<b>\$2.35</b>	<b>\$0.73</b>	<b>\$0.61</b>	<b>\$2.01</b>	<b>\$2.14</b>

\* Prior Period EPS and Adjusted EPS restated for impact of June 18, 2018 2-for-1 stock split.





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